

MINUTES
EXECUTIVE BOARD MEETING
JUNE 18, 2013
SAUKENAU SCOUT RESERVATION – POLAR BEAR CABIN

Executive Board Attendance

Donna Andrews	Tom Dickerson	John McKillip
Brent Babyak	Bill Ell	Kevin Mineart
Charlie Bach	Dennis Gorman	Ron Teater
Donna Buss	Mike Hausch	Carolyn Weyer
Janet Cameron	Joe Henning	Stephen Weyer
Austin Cloke	Jeff Kennedy	Kent Williams
Bill Daniels	Dr. Steven Krause	

Other Attendance

Gary Mertz	Scott Thiessen	Rosanna Voss
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Scout Executive Gary Mertz offered the invocation for the meal. Council President Bob Dickson called the meeting to order at 6:15 p.m. Quorum was established.

Action Items:

- ◆ MOTION (by Dennis Gorman, seconded by John McKillip) TO APPROVE THE MINUTES OF THE APRIL 16, 2013 EXECUTIVE BOARD MEETING AS WRITTEN. Motion carried.
- ◆ MOTION (by Bill Daniels, seconded by Dennis Gorman) TO ACCEPT THE MINUTES OF THE MAY 14, 2013 EXECUTIVE COMMITTEE MEETING AS WRITTEN. Motion carried.
- ◆ MOTION (by Steve Weyer, seconded by Ron Teater) TO ACCEPT THE TREASURER'S REPORT AS PRESENTED. Motion carried.
- ◆ MOTION (by Bill Ell, seconded by Jeff Kennedy) THAT THE DEFERRED MAINTENANCE FUND BE UTILIZED FOR CURRENT NECESSARY REPAIR WORK ON THE QUINCY OFFICE WITH SPECIFIC COSTS TO BE APPROVED BY THE EXECUTIVE COMMITTEE. Motion amended.
- ◆ AMENDED MOTION (by Steve Weyer) TO ALLOW TIME TO DO WHATEVER IS NECESSARY TO REPAIR THE QUINCY OFFICE; THEN SELL THE QUINCY OFFICE AND GET A NEW BUILDING WHETHER WE BUY AN EXISTING BUILDING OR BUILD. Further discussion ensued.
- ◆ AMENDED MOTION (by Dennis Gorman, seconded by Charlie Bach) TO DEFER TO THE EXECUTIVE COMMITTEE WITH POWER TO MAKE DECISIONS ON NECESSARY REPAIR WORK TO THE QUINCY OFFICE BY MAKING THE BUILDING WATER-TIGHT, HAVE POWER TO MAKE OTHER NECESSARY REPAIRS, AND TO HAVE THE AUTHORITY TO NEGOTIATE TO SELL THE QUINCY OFFICE WITH THE APPROVAL BY THE EXECUTIVE BOARD. Motion carried.

- ◆ MOTION (by Bill Ell, seconded by Jeff Kennedy) TO ACCEPT THE AMENDED MOTION BY DENNIS GORMAN. Motion carried.
- ◆ MOTION (by Dennis Gorman, seconded by Steve Weyer) TO CHANGE ENDOWMENT TRUSTEE FROM CURRENT TRUSTEE AT MERCANTILE BANK TO THE TRUST SERVICE AT BROOKSTONE CAPITAL MANAGEMENT, THEN GIVE THE EXECUTIVE COMMITTEE THE AUTHORITY TO MAKE A DECISION ON INVESTMENT STRATEGY. Motion carried.
- ◆ MOTION (by John McKillip, seconded by Ron Teater) TO APPROVE TAKING RECEIPT OF MONIES FROM ADAMS COUNTY UNITED WAY FOR 2013-2014 FISCAL YEAR. Motion carried.
- ◆ MOTION (by Dennis Gorman, seconded by Bill Daniels) TO ACCEPT NOMINATION OF JOHN MANLEY AS A MEMBER OF THE EXECUTIVE BOARD. Motion carried.

Report Items:

- ◆ Gary introduced Camp Director David Lane. David introduced Eric Stensland as Program Director. This is the second year for both of them. New STEM merit badges are being offered at camp this year. Started a new ATV program which is intended to attract 16-year-olds and up to return to camp. Camp Assessment (formerly Camp Visitation) was performed today, and the camp passed. Met all criteria. Once again, we are a Nationally Accredited Camp. This year is going to be a good opportunity for all the kids.
- ◆ Bob Dickson introduced Dr. Steven Krause as a new Board Member.
- ◆ Treasurer's Report (Bill Daniels): Income Statement: FOS Net is up about \$32,000 from budget; Special Events is up about \$8,000 from budget mainly due to Sporting Clays; Other Direct Support has about \$2,400 positive variance to budget mainly due to Memorials that we don't budget for; United Ways are on track; Scout Shops are up from last year, but down from budget; Net Product Sales almost \$4,000 positive to budget due to Camp Cards; Camping down about \$6,500 from budget through May, year-round at both camps and COPE/Climbing are both down. Income Side is about \$24,000 up from budget and about \$23,000 up from last year. Salaries are down, benefits are on track, payroll taxes are down from budget and last year. Professional Fees are down about \$9,000 principally due to the Audit. No problem, just a manpower issue for the auditors. Supplies, postage, occupancy and travel are all down and insurance is up. Overall, we are doing pretty well. Balance Sheet is strong. Current assets are up about \$230,000 in all three funds. We are tracking very close to last year.
- ◆ Scout Offices (Bill Ell): Bill Ell reviewed the report given at the April 16, 2013 Board Meeting. The Quincy Office windows probably don't need to be replaced, but the water is getting behind the stucco. Bids have been received for the exterior stucco, roof replacement, new awning, paint, carpet, and other interior work for a total of approximately \$71,000. The Burlington Office needs windows replaced and interior renovations for a total bid of approximately \$36,000. Quincy Scout Shop is really inadequate; it is extremely small with no storage space and needs parking. Buildings have been appraised with Quincy at \$149,000 and Burlington at \$114,000. Water is the real issue. Insurance won't cover the water damage to the Quincy building because they say we haven't kept the roof up-to-date. Damages include computer server, laptop, art prints valued at about \$4,000; and, chairs, table, printer valued at about \$9,800. Structural damage is more costly with carpet replacement upwards of \$3,500; carpet pad removal at \$1,500; drying interior walls at \$2,000; exterior/stucco at \$10,000; roof repair at \$19,000 or \$36,000; Scout Shop Ceiling at \$900; and, repair to conference room ceiling at about \$2,000, totaling about \$37,000 with a total loss of about \$47,000. We need to move forward and fix the Quincy Office. In December, we determined a policy:

“WHEREAS, it is the best interest of the Mississippi Valley Council (the “COUNCIL”) to establish a Deferred Maintenance Fund for the replacement of depreciable assets, and

“WHEREAS, the COUNCIL expects to end fiscal year 2012 with a surplus in the Operating Fund after the transfer of memorials gifts and forestry revenue to the Capital Fund and/or the Endowment Fund (the “SURPLUS”).

“NOW THEREFORE, BE IT RESOLVED:

“1. The COUNCIL shall establish a Deferred Maintenance Fund (the “FUND”) within the Capital Fund (also known as fund 2) for the replacement of depreciable assets.

“2. The COUNCIL shall transfer 75% of the SURPLUS from the fiscal 2012 Operating Fund to the FUND.

“3. The Executive Committee of the Board of Directors of the COUNCIL shall be the committee that will determine what replacements and the priority of the replacements to the Board of Directors for the COUNCIL before any expenditures are made from the FUND.”

- ◆ Bill Ell made a motion “That the Deferred Maintenance Fund be utilized for current necessary repair work on the Quincy Office with specific costs to be approved by the Executive Committee.” Jeff Kennedy seconded the motion. Discussion ensued. Steve Weyer proposed an amendment to the proposed motion “To allow time to do whatever is necessary to repair the Quincy Office; then sell the Quincy Office and get a new building whether we buy an existing building or build.” Further discussion ensued. Steve Krause asked if we put \$37,000 into the building and it is still inadequate, will we get that money out? Charlie Bach stated the value may be downgraded if we don’t do the repairs. Dennis Gorman suggested we negotiate with the prospect to see if they would buy the building as is. Bill Daniels stated we need to make the repairs so we don’t get more water damage, then we can negotiate with the party that is interested. Dennis Gorman proposed an amendment to Bill Ell’s proposed motion deferring to the Executive Committee, “To defer to the Executive Committee with power to make decisions on necessary repair work to the Quincy Office by making the building water-tight, have power to make other necessary repairs, and to have the authority to negotiate to sell the Quincy Office with the approval by the Executive Board.” This amendment was seconded by Charlie Bach and it passed. Another statement was made to secure the roof and check the mold situation. Bill Ell made a motion to accept the motion as amended by Dennis Gorman. Jeff Kennedy seconded and it passed.
- ◆ Endowment Decision (Jeff Kennedy) Jeff went through the PowerPoint Presentation slides that he presented to the Executive Committee at the May 14, 2013 meeting. He talked about the Investment Policy Statement (IPS). The Council IPS calls for a 4% total return above CPI. We should have made about 6½% the last year or so. It’s not happening. We are not diversified. We should invest like an institution invests. Jeff showed the current value and the October 2007 value for our assets with our current managers:

○ Mercantile	Current Value is \$764,745	October 2007 Value was \$761,217
○ US Bank	Current Value is \$849,194	October 2007 Value was \$891,618

 We should make some adjustments of who manages the funds. We lost 1.4% just in the last month in our endowments. The new manager with Brookstone Capital Management would cost us about 1.2% (of \$1.6 million). Mercantile costs us about \$4,900 per year and US Bank about \$9,000 per year. Currently 0.8%. Perhaps just move Mercantile to Brookstone Capital Management and let it

run a full market cycle. Dennis Gorman reported he was involved in setting up the Mercantile Trusts in the early 1980's. National provided us the trust forms for accessible trust and inaccessible trust. He suggested thinking of each of these as two separate pots where each pot can be moved, but not a portion of the pot. We can change the trustees. We can move the trustee from Mercantile to the Trust Service at Brookstone. We cannot make amendments since they were done in the early 1980's. We should give a courtesy call to Mercantile before we move the funds. Dennis Gorman made a motion "To change the trustee from the current trustee at Mercantile to the Trust Service at Brookstone Capital Management then give the Executive Committee the authority to make a decision on the investment strategy.

- ◆ Commissioner's Report (Donna Buss): Donna Buss reported that we will be planning a late March/early April 2014 Commissioner College in Burlington. Dennis Stewart will be the Dean of the College. Nine Commissioners from River Valley and Shoquoquon attended the Hawkeye Council Commissioner College on April 6th. Our Council Unit-to-Commissioner Ratio is 2:1 which is third in the nation. We need about twenty Commissioners to pull ahead. As of April, we are close to 40% of units having two or more recorded visits by Commissioners. The Council has only 22 units that have recorded service hours. The Council may want to consider a Council Civic Service Chair and subsequently District positions in the same category to help promote this. Commissioner Service is striving to get every Commissioner involved in the unit self-assessment process and program planning. Eagle Ridge has Commissioner Training in April; their Unit-to-Commissioner Ratio exceeds 4:1. River Valley Unit-to-Commissioner Ratio is close to 3:1 with twenty commissioners registered, but working to get more commissioners active; Commissioners needing basic training can attend training on May 11th in Burlington. Shoquoquon Unit-to-Commissioner Ratio of 1.5:1. Carolyn Weyer and Donna are discussing a council-wide unit summit this summer. The idea is this will improve retention, increase JTE scores, improve local programs/units and thus increase membership. All Commissioners are being reminded to make sure units who have had "Fire-Up" recruitments have a plan in place to involve new Kindergarten Tigers from now until August.
- ◆ Journey to Excellence (Donna Buss): Donna reported the Council is at silver level, overall. We need an additional 100 points in our Membership score to be Gold. We should see some improvement in that category, but it will remain an uphill challenge. Significant problems are in Membership Growth and Service Hours.
- ◆ Membership Report (Carolyn Weyer): Carolyn reported all three Districts have dates set for "Fire-up for Scouting". Everything is in place. We should have a good recruiting season.
- ◆ Capital Campaign Progress Report – Council Service Centers (Bill Ell): The Council Facilities Committee was charged with assessing the Council's offices and Scout Shops focusing on whether we need two offices, two scout shops, can we have one shop and ship or deliver, and can we have a "roving" shop. Since the first meeting of the committee in March, considerable research has been completed. Some initial conclusions have been determined and several options were considered. The committee makes the following recommendation regarding the Scout offices: The Council should maintain only one Scout office, and because the main office is currently located in Quincy, it would be logical and reasonable to have the one Scout office remain there. The committee further believes this would be the most cost effective solution. The Committee further recommends that although the Scout office in Burlington would essentially be eliminated, the Council should maintain or secure space in Burlington for meetings of the Professional staff and volunteers. It was the consensus of the Committee that shipping may become costly and unreliable and would not provide the service necessary. Therefore, the Committee recommends the Board not pursue the option of one Scout Shop and ship or deliver. It was the consensus of the Committee that having a "roving" shop would require considerable staff time and may also prove to be

unreliable. Therefore, the Committee again recommends the Board not pursue this option. It is recommended by the Committee that the Council maintain two Scout Shops (one in Quincy and one in Burlington) in order to provide our members with the service they are accustomed to. Other considerations relative to the Committee recommendations include: (1) The Quincy facility is in need of considerable repair. In assessing those needs, total cost of repair and renovation would be \$71,600.60 which includes replacement of windows & roof, repair to exterior, new awning cover, and interior renovation of carpet, painting, possible wiring, and interior construction. (2) The Burlington facility is also in need of some repair work. Total cost of repair and renovation would be \$13,600.00 which includes eaves & soffit work, replacement of windows, and interior renovation of carpet, painting, and interior work. Total cost of repairing and/or renovating both facilities would be estimated at \$85,200.06. (3) The Quincy facility does not have adequate space for the Scout Shop operation. (4) Both the Quincy facility and Burlington facility have inadequate space for storage of popcorn, merchandise, etc. Repair and/or renovation will not solve this problem. (5) Parking at the Quincy facility is less than good. “The Big Question” the Committee is confronted with: Do we really want to spend \$85,000 to \$85,000 and end up with facilities that do not meet our needs? After careful consideration of the many options available, the Committee would recommend the following: Sell both buildings; include in the capital campaign a new facility as the main office and seek a store-front operation in Burlington. This recommendation may not be what people want to hear, but it seems to make the most sense; it is reasonable, it is logical, and could without doubt fulfill our needs. Something must be done with our office and Scout Shop facilities soon; so, the question for the Board is – how do you want us to proceed? Dennis Gorman stated before we get too far down the line, the name on this (Quincy) building is Gardner. The family has been long Scouting supporters including two foundations. We don’t want these folks to read in the paper. Dennis stated he is not opposed to selling, just need to be careful how we do it. Donna Buss asked, are we kind of putting the cart before the horse – until we decide to do a capital campaign. Dennis Gorman stated the “elephant in the room” is the vote in May at National Annual Meeting. It’s only a matter of time before Scouting will change its membership. Donors will then cease donations completely to our Council and to BSA, including a capital campaign.

- ◆ Capital Campaign Progress Report – Council Camps (John McKillip): John reported he had a couple conversations with a gentleman, Virgil Reed, of National’s Second Century Camp Task Force. Our camps will be evaluated this summer and we will receive a report this Fall. Virgil Reed suggests we wait until we receive the report.
- ◆ Camping/Activities (Kevin Mineart): Kevin reported the numbers for pre-registration are coming in pretty good. Tiger Cub Camp-out and three Wolf/Bear Resident sessions will be held in June, and two Webelos Resident Camp sessions in August. 532 youth have pre-registered, which is about 116 more than 2012 and over 200 more than 2011. Boy Scout Camp has about 900 pre-registered, of which 640 are in-council. We are about 115 Boy Scouts ahead of 2012. We have six weeks of camp scheduled versus five in 2012. The sixth week is LDS Week and has about 80 youth pre-registered, 53 of which are out-of-council. The hope is that some of the increase is attributed to new programs being offered at Summer Camp, including ATV and STEM (Science, Technology, Engineering, Math) program. Some of the new merit badges being offered as part of STEM include robotics, welding, engineering, and nuclear science. The Online Merit Badge system is going live the end of this week. This system keeps from over-scheduling youth for merit badges at camp.
- ◆ District Chair Reports:
 - Brent Babyak reported for Eagle Ridge District. As of last night, FOS exceeded 85%. Family has already exceeded 2012. Goal is to have FOS wrapped up by April 30th. Trivia Night is on Friday, April 19th at O’Griff’s in Quincy. Pancake Breakfast at

Applebee's will be held in late May or in June. Spring Camporee had 130 participants and showcased Horsemanship Merit Badge. Overall, a great time was had by all. Fall Camporee plans are to be centered around the Lincoln sites in Quincy including demonstrations in period dress. District Committee is active. Still trying to fill a couple key positions. There are nine activities scheduled in the District for the Fire-Up for Scouting recruitment.

- Janet Cameron reported for River Valley District. Continue to work on District Committee members. April District Committee Challenge – the person who brings the most people willing to help out, gets a prize. Changing Membership Chair to Training. Soliciting a new Membership Chair on Friday. Regarding FOS, any pointers Eagle Ridge can give, will be gladly accepted. Currently at about 40%. Hoping for big money from Nauvoo. Trivia Night will be held on April 27th in Montrose. BALOO Training will be held at 1:00p.m. on May 18th in Warsaw. Working on Fall Camporee centered around the Law Merit Badge with a mock trial in Carthage to be held in September between Wood Badge weekends. Hope to get 65-75 youth during the Fire-Up for Scouting recruitment.
- Todd Chelf reported for Shoquon District. FOS is at 67% of goal. Seeing some weakness in Family presentations. Community campaign is doing well. Membership is down about 100 from last year; focusing on new units this spring. Fire-Up for Scouting started tonight. Lost Membership Chair. Spring Camporee is this weekend. Fall Camporee will be switching things up. It will focus on Cub Scout Day Camp at Starr's Cave to get younger Scouts fired up. Cubmobile will be held in downtown Burlington on May 11th. Camping numbers are up about 31% from 2012 largely in part because of designating Brett Stewart and Austin Orr to be camping promoters.
- ◆ Scout Executive's Report: Gary Mertz thanked everyone for being patient with us. We just set up the system today for teleconferencing. We are in the process of setting up new phones in both offices this week. Gary thanked Ryan Barnes for all the work he has done on these systems. The Council is strong. Coming up are the Wine Event, Sporting Clays, and Corporate Pinewood Derby. A question was asked about Burlington Distinguished Citizen Dinner. Scott Thiessen reported the event will be held on May 2nd honoring Dennis Hinkle. Attendance has exceeded expectations.
- ◆ Council President's Report: Bob Dickson stated all reports were excellent. District Chair reports were very thorough. Membership is our biggest obstacle. There is one more visit in Quincy for United Way. Quincy Distinguished Citizen Dinner has yet to identify a recipient. The event will probably be planned for the Fall. Membership Standard surveys collected from March had a strong message – maintain as is and remain status quo. Our Council's recommendation to National is to maintain status quo.
- ◆ Endowment Report (Jeff Kennedy): Jeff introduced Dean Zayed, President of Brookstone Capital Management (Brookstone CM), who joined us on the telephone. Brookstone manages a lot of money. The key to their success is blending of several strategies, not just diversifying. Dean Zayed gave a presentation using a PowerPoint presentation that was available at both locations. Endowments Needs are capital preservation, stronger yields, growth, and diversification. Currently, our endowment is largely cash. Brookstone proposed a blend of alternate strategies. They recommend using the following: Brookstone Capital Management's (BCM) Current Income Portfolio, BCM's Best Ideas Portfolio, Morningstar Managed Portfolios Dividend Select, BCM's SMARToption (Hedged Equity), Canterbury Portfolio Thermostat, REITs (Real Estate Investment Trust), GWG. The recommended investments provide reduced volatility and increased performance through a diversified portfolio of non-correlated separately managed accounts; potential for capital appreciation with stability of principal through Current Income and GWG;

Best Ideas model, an “all weather” portfolio that allows fund managers to move into and out of investments in reaction to market conditions. It was stated that we probably won’t see attractive returns if we use traditional portfolios. Jeff Kennedy wanted to give the Board exposure and wanted the same approach as Jeff does with his clients. Concerns will be addressed in Committee. The website for Brookstone is www.brookstonecm.com. Looking for a motion to work with the manager and take back to committee to work out details. Rod Wittkamp stated the need to study this further, discuss and think. Todd Chelf agreed with Rod. Rod proposed the Board think about it and asked how much of endowment is in cash. Jeff replied 45% is in bonds, the rest is in money market accounts. Rod stated the Council effectively lost out on \$150,000 to \$200,000 in value if we had not made changes in December. Dennis Gorman would like a recommendation from the Endowment Committee to the Executive Committee to the Executive Board. Dennis stated we don’t want to sit around until June; we want to move on this. Todd Chelf stated we have no knowledge of manager fees, etc. Dennis Gorman stated the Board needs to digest the information, raise questions, and should only take about a week to make a decision. We are looking for a recommendation from the Executive Committee. Any questions or thoughts should be emailed to Rosanna Voss at rosanna.voss@scouting.org. A summary will be put together and will be sent out to everyone to review. In February 2011, our endowment was sitting at \$1.54 million, December 2012 (20 months later) endowment was at break even, and April 2012 was same as December 2012. Jim Miller asked if we need to amend our investment policies.

Meeting adjourned at 7:35 p.m.

Respectfully submitted,

Gary S. Mertz
Scout Executive

Attest: _____
Bob Dickson, Council President

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